

## PAY ADMINISTRATION

**1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures regarding annual step rate reviews for facility directors, chiefs of staff, nurse executives, and chiefs of pharmacy service.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007. This revision reflects the elimination of the annual step rate review process for facility directors, chiefs of staff, nurse executives, and chiefs of pharmacy service as a result of implementation of the Executive Career Field. On the effective date of this change, affected employees must be reviewed for eligibility for a periodic step increase. The Workforce Information Systems Team will issue processing instructions separately. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on [the Office of Human Resources Management Web site](#).

**3. RESPONSIBLE OFFICE:** The Human Resources Management Programs and Policies Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.

**4. RELATED DIRECTIVE:** VA Directive 5007, "Pay Administration."

**5. RESCISSIONS:** None

**CERTIFIED BY:**  
**SECRETARY**

**BY DIRECTION OF THE**  
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c. **Periodic Step Increases.** Chiefs of Staff are eligible for periodic step increases under paragraph 1 of part III, chapter 5.]

[ ]

(d) **Placement in a Key Nursing Assignment.** The appropriate NPSB shall recommend one of the following options upon placement of a Nurse Executive in a key nursing assignment, provided such placement is made for reasons other than cause or at the employee's request.

1. The employee shall receive the lowest step in the grade which equals or exceeds their existing rate of pay.

2. If there is no such rate, the employee will be eligible for pay retention under paragraph 6 of chapter 6 of part III.

(e) **Voluntary Changes to a Lower Grade.** **NOTE:** *See paragraph 4.*

b. **Changes in Complexity Level.** If the Under Secretary for Health changes facility complexity levels, Nurse Executives at facilities with changed levels are to be reviewed as follows:

(1) **Change to a Higher Facility Complexity Level.** If a facility is changed to a higher complexity level, the appropriate NPSB shall review the grade and step of the Nurse Executive, and may recommend an increase provided the increase is consistent with the criteria contained herein.

(2) **Change to a Lower Complexity Level.** If the facility is changed to a lower complexity level and the grade of the Nurse Executive is not supported by the lower facility complexity level, the Nurse Executive shall be entitled to the lowest step in the lower grade which equals or exceeds the employees existing rate of pay. If there is no such pay rate in the lower grade, the employee shall be entitled to pay retention under paragraph 6 of part III, chapter 6.

(3) **Exceptions.** Facility directors may request exceptions to established grades if the complexity of the Nursing program is comparable to those found at facilities with a higher complexity level. The VHA Central Office NPSB is the appropriate NPSB for actions involving a waiver of facility complexity level.

c. **Periodic Step Increase.** Nurse executives are eligible for periodic step increases in accordance with paragraph 1 of part III, chapter 5.]

d. **Applicability of other Provisions of this Handbook.** Employees covered by this paragraph are [ ] eligible for PSIs[,] special advancements for performance[,] special advancements for achievement and other cash awards under VA Handbook 5017, Employee Recognition and Awards.

**3. KEY NURSING PERSONNEL AND NURSE ANESTHETISTS IN NURSE IV AND NURSE V.** For the purposes of this handbook, "key nursing personnel" refers to nurses (other than Nurse Executives) at Nurse IV and above whose grade is based on both their personal qualifications and responsibilities of their assignment.

a. **Reassignment to Nurse Executive Positions.** Key nursing personnel reassigned as a Nurse Executive shall have their pay set in accordance with paragraph 2.

b. **Placement in a Lower Grade for the Good of VA.** An employee placed in a lower grade for reasons other than cause or at the employee's request will have his or her pay set at the lowest step of the lower grade which equals or exceeds his or her existing rate of basic pay. If there is no such step, the employee is entitled to pay retention under paragraph 6 of part III, chapter 6.

c. **Voluntary Changes to a Lower Grade.** See paragraph 4.

**4. VOLUNTARY CHANGES TO A LOWER GRADE.** Employees covered by this chapter who take a voluntary change to a lower grade may have their pay set at any step of the grade which does not exceed their highest previous rate. However, the employee is not eligible for pay retention, and, if the employee changes facilities, the pay rates of the gaining facility shall be applicable. The employee must submit a written request, through channels, for the employment change. Generally, such requests should not be effected until the employee has had 24 hours to consider the matter. **NOTE:** *A sample request is included in this appendix.* The employee's signed request is to be filed on the right side of the employee's Merged Records Personnel Folder.

## CONTENTS - CONTINUED

### PARAGRAPH PAGE

#### **CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES**

1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401  
III-15
2. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405  
III-18
- [ ]
- [3]. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER  
38 U.S.C. 7306  
III-[18]
- [4]. WITHIN-GRADE INCREASES FOR GENERAL SCHEDULE EMPLOYEES IN POSITIONS  
SUBJECT TO 5 U.S.C., CHAPTER 51 AND TITLE 38 HYBRID POSITIONS APPOINTED  
UNDER 38 U.S.C. 7401(3) AND 7405(a)(1)(B)  
III-25
- [5]. WITHIN-GRADE INCREASES FOR FEDERAL WAGE SYSTEM EMPLOYEES  
III-28
- [6]. REFERENCES  
III-31

#### **CHAPTER 6. GRADE AND PAY RETENTION**

1. GENERAL  
III-33
2. GRADE RETENTION UNDER TITLE 5  
III-33
3. PAY RETENTION UNDER TITLE 5  
III-34
4. TERMINATION OF GRADE AND PAY RETENTION BENEFITS (TITLE 5 ONLY)  
III-35
5. APPEALS (TITLE 5 ONLY)  
III-35
6. PAY RETENTION UNDER TITLE 38 FOR NURSES AND NURSE ANESTHETISTS  
SUBJECT TO THE LOCALITY PAY SYSTEM  
III-36
7. DOCUMENTATION  
III-37
8. REFERENCES  
III-37

#### **CHAPTER 7. PAY ADMINISTRATION FOR SPECIAL SALARY RATES APPROVED UNDER 38 U.S.C. 7455**

1. ABOVE MINIMUM ENTRANCE RATES (INCLUDING ABOVE-MINIMUM ENTRANCE RATES ON A SPECIAL SALARY RATE RANGE)

III-39

2. SPECIAL SALARY RATE RANGES

III-39

3. REDUCED OR DISCONTINUED RATES

III-40

4. MOVEMENTS TO POSITIONS WITH ABOVE-MINIMUM ENTRANCE RATES OR SPECIAL SALARY RATE RANGES APPROVED UNDER THIS CHAPTER

III-40

5. MOVEMENTS FROM POSITIONS WITH ABOVE-MINIMUM ENTRANCE RATES OR SPECIAL SALARY RATE RANGES APPROVED UNDER THIS CHAPTER

III-41

## CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES

### 1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401

a. **General.** Periodic step increases may be granted to any physician, dentist, optometrist, podiatrist, nurse, PA or EFDA who is receiving less than the maximum rate of his or her grade. That employee shall be advanced to the next higher step rate within such grade subject to meeting the eligibility requirements and waiting periods listed below. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter. [ ]

b. **Conditions of Eligibility for a Periodic Step Increase (PSI).** A PSI will be granted when:

- (1) An employee's work is of an acceptable level of competence;
- (2) No "equivalent increase" in compensation was received during the period under consideration; and
- (3) The benefit of successive step increases shall be preserved for any person whose continuous service is interrupted by active military duty.

c. **Waiting Period.** The minimum time requirement of creditable service without an equivalent increase is either 52 or 104 weeks of creditable service as indicated below:

- (1) Physicians, dentists, podiatrists, optometrists - upon completion of a 104-week waiting period.  
[ ]
- (2) PAs and EFDAs at step 1 or 2 on the *regular* rate range of Junior or Associate grade-upon completion of a 52-week waiting period.
- (3) PAs and EFDAs (including *any* PA or EFDA on an above-minimum entrance rate or special salary rate range)-upon completion of a 104-week waiting period.
- (4) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 1 through 3 of the grade - upon completion of 52 calendar weeks of creditable service.
- (5) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 4 and higher of the grade - upon completion of 104 calendar weeks of creditable service.
- (6) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service.

(7) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 4 and higher of the level - upon completion of 104 calendar weeks of creditable service.

(8) Nurses in grade Nurse I, Level 3 (for registered nurses only) at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service.

(9) Nurses in grade Nurse I, Level 3 (for registered nurses only) at steps 4 and higher of the level - upon completion of 104 calendar weeks of creditable service.

(10) Nurses and Nurse Anesthetists in grades Nurse II, III, IV, and V [ ] - upon completion of 104 calendar weeks of creditable service.

[ ]

**d. Exceptions to Waiting Periods for Nurses and Nurse Anesthetists**

(1) Facility directors may request deviations to the above waiting periods for nurses or nurse anesthetists. Such requests must be supported by evidence that the variations are needed to enhance recruitment and retention. Examples of such evidence include non-VA advancement and promotion patterns in the LLMA, high quits for pay or vacancy rates, and low staffing success rates (see app. X-A for definitions of these terms.) The request should also include the estimated cost of the change.

(2) Requests for exceptions under this paragraph will be sent to the appropriate network director (10N\_\_) through the Office of Human Resources Management (OHRM) (051). OHRM will review each request and make appropriate recommendations to the Network Director.

**e. Creditable Service.** In computation of waiting periods for the purpose of periodic step increases, the following service shall be counted as creditable:

(1) Continuous paid full-time, part-time, or intermittent assignment on an indefinite or time limited basis, in the VHA under authority of 38 U.S.C. 7401(1) or 7405(a)(1)(A). **NOTE:** *The period spent in part-time service is covered as though it had been performed on the basis of a full-time service. For an intermittent employee, 1 day of credit is given for each day of service in a pay status; 260 compensable days are equivalent to a waiting period of 52 calendar weeks, and 520 such days are equivalent to a waiting period of 104 calendar weeks; this time must extend over a period of not less than 52 or 104 calendar weeks, as appropriate.*

(2) Time elapsing on annual, sick or other leave with pay, including periods for which annual or sick leave is advanced.



## **2. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405**

a. **General.** Temporary full-time, part-time and intermittent physicians, dentists, optometrists, podiatrists, nurses, PAs, and EFDAs shall be granted periodic step increases under the same provisions applicable to full-time employees appointed under 38 U.S.C. 7401, except as provided in subparagraphs b and c. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

### **b. Waiting Period Requirements for Intermittent Employees**

(1) 260 days of creditable service in a pay status over a period of not less than 52 calendar weeks, for advancement of intermittent PA's and EFDAs to steps 2 and 3 on the regular range of Junior and Associate grades.

(2) 520 days of creditable service in a pay status over a period of not less than 104 calendar weeks, for advancement of intermittent physicians, dentists, podiatrists and optometrists to step 2 and above for all grades, and all intermittent PAs and EFDAs, except those in subparagraph (1) above. This includes any PA or EFDA on an above-minimum entrance rate or special salary rate range.

c. **Leave Without Pay Service Credit for Part-Time Employees.** In computation of the waiting periods for part-time employees, leave without pay may be credited in an amount not to exceed 22 workdays within the period of service required for one periodic step increase.

d. **Within-Grade Increases for Medical Support Personnel Serving Under 38 U.S.C. 7405(a) (Other Than Trainees or Students).** Employees covered by this subparagraph who are appointed for a period in excess of one year are eligible for within grade increases, i.e., if they are given a 2-year or 3-year appointment. Employees given appointments of one year or less are not eligible for within-grade increases.

e. **Trainees and Students Serving Under 38 U.S.C. 7405.** These employees are paid either on a per annum training rate basis or a stipend basis and are ineligible for within-grade increases.

## **[3]. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7306**

a. For positions at or below Medical Director grade for which a range of rates is provided, an administrative pay increase to the next higher step rate available for use shall be granted upon completion of 104 weeks of service at the lower rate within the grade. This provision does not apply to a nurse appointed under this authority, whose pay will be set and adjusted under the provisions of the Nurse Locality Pay System and the following subparagraph.

b. Nurses appointed under 38 U.S.C. 7306 shall receive advancements within the grade in the same manner as described in paragraph 1, above, for nurses appointed under 38 U.S.C. 7401.

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**[4]. WITHIN-GRADE INCREASES FOR GENERAL SCHEDULE EMPLOYEES IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51 AND TITLE 38 HYBRID POSITIONS APPOINTED UNDER 38 U.S.C.7401(3) OR 7405(a)(1)(B)**

a. **Basic Requirements.** To be awarded a within-grade increase, an employee must meet all the following requirements, which are established under 5 CFR 531.404:

(1) **Waiting Period.** The employee must have completed the required waiting period for advancement to the next higher step rate of the grade of his or her position (see subparagraph c below);

(2) **Equivalent Increase.** The employee must not have received an equivalent increase during the waiting period (see subparagraph f below); and

(3) **Acceptable Level of Competence.** The employee's performance of the duties and responsibilities of his or her assigned position must be at an acceptable level of competence. To be determined at an acceptable level of competence, the employee's most recent rating of record must be satisfactory. Acceptable level of competence determinations will be made in accordance with the procedures contained in 5 CFR 531.403.

b. **Creditable Service.** To determine if service is creditable for within-grade increase purposes, see 5 CFR 531.406.

**c. Length of Waiting Period**

(1) For full- and part-time employees with a regularly scheduled tour of duty, the waiting periods for advancement to the following steps in all the General Schedule grades are:

(a) Steps 2, 3, and 4: 52 calendar weeks of creditable service;

(b) Steps 5, 6, and 7: 104 calendar weeks of creditable service; and

(c) Steps 8, 9, and 10: 156 calendar weeks of creditable service.

(2) Except as provided in 5 CFR 531.406(c), time in a non-pay status is creditable service in the computation of a waiting period for an employee with a scheduled tour of duty when it does not in the aggregate exceed:

(a) Two workweeks in the waiting period for steps 2, 3, and 4;

(b) Four workweeks in the waiting period for steps 5, 6, and 7; and

(c) Six workweeks in the waiting period for steps 8, 9, and 10.



i. **Temporary Appointments.** Employees whose appointments are limited to 1 year or less are not eligible for within-grade increases. This includes permanent employees converted to appointments of 1 year or less, and employees given a series of appointments of 1 year or less, even though total service under those appointments may include sufficient creditable service to complete a waiting period.

#### **[5]. WITHIN-GRADE INCREASES FOR FEDERAL WAGE SYSTEM EMPLOYEES**

a. **Entitlement.** An employee paid under a regular Federal Wage System pay schedule who has rating of record of fully successful or better (see 5 CFR 430.204(d)) shall advance to the next higher step rate within the grade at the beginning of the first applicable pay period following completion of:

- (1) 26 calendar weeks of creditable service in step 1;
- (2) 78 calendar weeks of creditable service in step 2; and
- (3) 104 calendar weeks of creditable service in each of steps 3 and 4.

b. **Beginning of New Waiting Period.** A new waiting period begins:

- (1) At the beginning of the first appointment as a Federal employee, regardless of tenure;
- (2) On the first day of a period of service after a break in service or time in a non-pay status of 52 weeks; or
- (3) On receipt of an equivalent increase (see subparagraph d below).

c. **Creditable Service.** The following periods are creditable service for within-grade purposes. For other instances of creditable service see 5 CFR 532.417(c)(5) through (8).

(1) Time during which an employee is in receipt of pay from a branch of the Federal Government or the District of Columbia, or a non-appropriated fund instrumentality of VA (the Veterans Canteen Service), Department of Defense or Coast Guard. This includes periods of leave with pay.

(2) Time during which an employee with a prearranged regularly scheduled tour of duty is in a non-pay status to the extent that the non-pay status does not exceed:

- (a) One workweek in the waiting period for step 2;
- (b) Three workweeks in the waiting period for step 3; or
- (c) Four workweeks in the waiting period for step 4 and 5.

(4) When an improper personnel action is corrected in accordance with a mandatory statutory or regulatory requirement, the waiting period is not extended and begins on the date it would have begun had the improper personnel action not occurred. (OPM FWS Operating Manual, subchapter S8, paragraph S8-5g(2).

## **[6]. REFERENCES**

a. Sections 501(a), 7306, 7401(1), 7403, 7404, 7408(b), 7421, 7421, 7423(a)-(e), 7426(c ), and 7453-7457 of title 38, United States

b. 5 U.S.C. 5331-5334.

c. 5 CFR, part 531, subparts B and D and parts 532 and 610.

d. VA Manual MP-6, part V, supplements No, 1.5 and 2.2.

e. 5 U.S.C. 5335 and 38 U.S.C.7403.

f. Section 402, Executive Order 11721, as amended.

g. Civilian Personnel Law Manual, Title I--Compensation.

h. United States Government Manual (Used to determine whether service is civilian employment in a branch of the Federal Government (executive, legislative or judicial) or with a Government corporation, and, therefore, creditable for within-grade increase purposes).

i. Subchapter IV, chapter 53, title 5, United States Code.

j. FWS Operating Manual, section S8 and appendix J.

k. VA Handbook 5011, Hours of Duty and Leave.

l. VA Handbook 5013, Performance Management Systems.